United Nations ST/SGB/2003/6

Secretariat

23 April 2003

Secretary-General's bulletin

Office of the Special Adviser on Africa

The Secretary-General, pursuant to Secretary-General's bulletin ST/SGB/1997/5, entitled "Organization of the Secretariat of the United Nations", and for the purpose of establishing the Office of the Special Adviser on Africa,[1] promulgates the following:

Section 1
General provision

The present bulletin shall apply in conjunction with Secretary-General's bulletin ST/SGB/1997/5, entitled "Organization of the Secretariat of the United Nations", as amended by ST/SGB/2002/11.

Section 2
Functions

2.1 The Office of the Special Adviser on Africa:

(a) Supports the General Assembly and the Economic and Social Council in their deliberations on Africa;

(b) Coordinates and guides the preparation of Africa-related reports and inputs, in particular support for the New Partnership for Africa's Development (NEPAD) by the United Nations system and the international community, including the private sector and civil society;

(c) Coordinates the interdepartmental task force on African affairs, to ensure a coherent and integrated approach for United Nations support for Africa, including following up on the implementation of all global summit and conference outcomes related to Africa;

(d) Initiates reports on critical issues affecting Africa, and in particular on the interrelated issues of peace and development;

[1] The mandate of the Office of the Special Adviser on Africa derives from General Assembly resolutions 57/7 of 4 November 2002 and 57/300 of 20 December 2002. Until the end of 2003, the Office shall rely on the existing administrative arrangements in the Department of Political Affairs and the Department of Economic and Social Affairs.

03-33473 (E) 280403

(e) Coordinates global advocacy in support of NEPAD;

(f) Acts as the focal point for NEPAD within the United Nations Secretariat at Headquarters.

2.2 The Special Adviser shall also undertake special assignments related to Africa at the discretion of the Secretary-General.

Section 3
Special Adviser on Africa

The Special Adviser shall be accountable to the Secretary-General.

Section 4
Relations with the other entities of the United Nations system

4.1 The Office of the Special Adviser on Africa shall collaborate closely with the departments and offices in the Secretariat, with the regional commissions, especially with the Economic Commission for Africa, and with the funds, programmes and specialized agencies of the United Nations system, including the Bretton Woods institutions, in support of Africa's development.

4.2 To facilitate its cooperation with other entities in the Secretariat, the Office of the Special Adviser on Africa shall be a member and participate in the meetings of the Executive Committee on Peace and Security, the Executive Committee on Economic and Social Affairs, the United Nations Development Group and the Executive Committee on Humanitarian Affairs. The Office shall also participate in regional consultation meetings.

4.3 The Office of the Special Adviser on Africa shall provide backstopping to the Secretary-General in promoting a coordinated, system-wide response in support of Africa's development, particularly the implementation of NEPAD, through the United Nations System Chief Executives Board for Coordination.

Section 5
Final provision

The present bulletin shall enter into force on 1 May 2003.

(*Signed*) Kofi A. **Annan**
Secretary-General

ST/SGB/2003/7
9 May 2003

United Nations

Financial Regulations and Rules of the United Nations

Secretary-General's bulletin

ST/SGB/2003/7
9 May 2003

United Nations

Financial Regulations and Rules of the United Nations

Secretary-General's bulletin

United Nations ST/SGB/2003/7

Secretariat

9 May 2003

Secretary-General's bulletin

Financial Regulations and Rules

1. The Secretary-General hereby promulgates a revised edition of the Financial Regulations and Rules of the United Nations.

2. Through its Financial Regulations, the General Assembly issues the broad legislative directives governing the financial management of the United Nations. The revised Financial Regulations were approved by the Assembly in its decision 57/573 of 20 December 2002 and are effective as from 1 January 2003.

3. Within the framework of the Financial Regulations, as provided for in regulation 5.8, the Secretary-General formulates and promulgates the Financial Rules, which not only provide details to further define the parameters within which staff and the Administration must exercise their responsibilities, but also constitute a statement as to the manner in which the Financial Regulations are to be implemented. The revised Financial Rules are effective as from 1 June 2003.

4. A detailed explanation of the changes made in the Financial Regulations and Rules can be found in the report of the Secretary-General entitled "Proposed revisions to the Financial Regulations of the United Nations" (A/57/396).

5. By its decision 57/573, the General Assembly decided that former financial regulations 5.10 and 9.4, which applied exclusively to the United Nations Habitat and Human Settlements Foundation, should be presented in the special annex for the United Nations Habitat and Human Settlements Foundation to the Financial Regulations and Rules of the United Nations.

6. The present bulletin supersedes Secretary-General's bulletins ST/SGB/Financial Rules/1/Rev.3 of March 1985 entitled "Financial Regulations and Rules of the United Nations" and ST/SGB/Financial Rules/1/Rev.3/Amend.1 of September 1998 entitled "Amendment of Financial Rule 110.32: Property Survey Board" and any other communications concerning revisions to the Financial Rules.

(*Signed*) Kofi A. **Annan**
Secretary-General

Contents

Article		*Regulation*	*Rule*	*Page*
I.	General provisions			1
	Applicability and authority	1.1	101.1	1
	Responsibility and accountability		101.2	1
	Definitions		101.3	1
	Financial periods	1.2		2
	Effective date	1.3		2
II.	Budgets			2
	A. Programme budget			2
	Authority and responsibility	2.1	102.1	2
	Presentation, content and methodology	2.2		2
		2.3		2
			102.2	3
	Review and approval	2.4		3
		2.5		3
		2.6		3
		2.7		3
	Publication of the approved programme budget		102.3	4
	Revised and supplementary programme budget requirements	2.8	102.4	4
	Revised and supplementary programme budget proposals, presentation and submission	2.9	102.5	4
	Resolutions with programme budget implications	2.10		5
		2.11	102.6	5
	Unforeseen and extraordinary expenses		102.7	5
	B. Peacekeeping operation budgets			5
	Authority, responsibility, submission and approval	2.12		5
		2.13		5
			102.8	6
	C. International Court of Justice			6
	Budget preparation and submission	2.14		6
III.	Contributions and other income			6
	A. Programme budget			6
	Assessed contributions	3.1		6
		3.2		6
	Requests for payment of assessed contributions	3.3	103.1	7

	Payment of assessed contributions	3.4		7
		3.5		7
		3.6		7
	Assessed contributions from new Member States	3.7		7
	Assessed contributions from non-member States	3.8	103.2	8
	Currency of assessed contributions	3.9	103.3	8
B.	Peacekeeping operation budgets			8
	Assessed contributions	3.10		8
C.	Voluntary contributions, gifts and donations			9
	Acceptance and purpose	3.11		9
		3.12		9
	Authority and liability		103.4	9
D.	Miscellaneous income			9
	Programme budget	3.13		9
	New Member States and non-member States		103.5	10
	Voluntary contributions, gifts and donations	3.14		10
	Reimbursements of expenditures		103.6	10
	Proceeds from revenue-producing activities and from the rental of United Nations office space		103.7	10
E.	Receipt of funds			10
	Receipt and deposit		103.8	10
IV.	Custody of funds			11
A.	Internal accounts			11
	General Fund	4.1		11
	Working Capital Fund	4.2		11
	Advances from the Working Capital Fund	4.3		11
		4.4	104.1	11
	Peacekeeping Reserve Fund	4.5		11
	Advances from the Peacekeeping Reserve Fund	4.6		12
		4.7		12
		4.8		12
		4.9	104.2	12
	Tax Equalization Fund	4.10		12
	Use of the Tax Equalization Fund	4.11		13
		4.12		13
	Trust funds and reserve and special accounts	4.13		13
		4.14	104.3	13

B.	Banking			13
	Bank accounts, authority and policy	4.15	104.4	13
	Bank signatories		104.5	14
	Exchange of currencies		104.6	14
	Remittances to offices away from Headquarters		104.7	14
	Cash advances		104.8	15
			104.9	15
	Disbursements/payments		104.10	15
	Reconciliation of bank accounts		104.11	15
C.	Investments			16
	Authority, responsibility and policy	4.16		16
		4.17	104.12	16
			104.13	16
			104.14	16
	Income	4.18		16
		4.19	104.15	17
	Losses		104.16	17
V.	Utilization of funds			17
A.	Appropriations			17
	Authorization	5.1		17
	Available period	5.2		17
		5.3		17
		5.4		17
		5.5		18
	Transfers between appropriations	5.6	105.1	18
	Commitments against appropriations for future financial periods	5.7	105.2	18
	Administration of appropriations	5.8		19
B.	Commitments, obligations and expenditures			19
	Authority and responsibility	5.9	105.3	19
	Checks and balances		105.4	19
	Certifying officers		105.5	20
	Approving officers		105.6	20
	Establishment and revision of obligations		105.7	21
	Review, reobligation and cancellation of obligations		105.8	21
	Obligating documents		105.9	21
	Peacekeeping reimbursements	5.10	105.10	22

	Management services agreements		105.11	22
	Ex gratia payments	5.11	105.12	22
C.	Procurement			23
	General principles	5.12		23
		5.13		23
	Authority and responsibility		105.13	23
	Competition		105.14	23
	Formal methods of solicitation		105.15	24
	Exceptions to the use of formal methods of solicitation		105.16	24
	Cooperation		105.17	25
	Written contracts		105.18	25
	Advance and progress payments		105.19	26
D.	Property management			26
	Authority and responsibility		105.20	26
	Property Survey Boards		105.21	27
	Sale/disposal of property		105.22	27
			105.23	27
	Disposition of assets of peacekeeping operations	5.14		28
E.	Internal audit	5.15		28
VI.	Accounting			29
	Principal accounts	6.1		29
		6.2	106.1	29
	Authority and responsibility		106.2	30
	Accrual basis accounting		106.3	30
	Currency of accounting records	6.3	106.4	30
	Accounting for exchange rate fluctuations		106.5	30
	Accounting for proceeds from the sale of property		106.6	31
	Accounting for commitments against future financial periods		106.7	31
	Writing-off losses of cash, receivables and property	6.4		31
			106.8	32
			106.9	32
	Financial statements	6.5	106.10	32
	Archives		106.11	33
VII.	Board of Auditors			33
	Appointment of a board of auditors	7.1		33

	Tenure of office of the members of the Board of Auditors	7.2	33
		7.3	33
	Audit standards, scope and operations	7.4	34
		7.5	34
		7.6	34
		7.7	34
		7.8	34
	Facilities	7.9	34
		7.10	34
	Reporting	7.11	34
		7.12	34
Annex			
	Additional terms of reference governing the audit of the United Nations		35

Article I
General provisions

Applicability and authority

Regulation 1.1. These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.

Rule 101.1

The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the United Nations except as may otherwise explicitly be provided by the Assembly or unless specifically exempted therefrom by the Secretary-General. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Under-Secretary-General for Management. The Under-Secretary-General for Management may in turn delegate by administrative instruction authority for specified aspects of the Financial Regulations and Rules. These administrative instructions will state whether the delegated official may assign aspects of this authority to other officials. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy.

Responsibility and accountability

Rule 101.2

All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions.

Definitions

Rule 101.3

For the purpose of these Rules:

(a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;

(b) "Department" shall mean any department, office or other distinct organizational entity;

(c) "Head of department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a department, as defined in subparagraph (b) above.

Financial periods

Regulation 1.2. The financial period shall consist of two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations with special accounts, whose financial periods shall be one year from 1 July to 30 June.

Effective date

Regulation 1.3. These Regulations shall become effective on 1 January 2003. They may be amended only by the General Assembly.

Article II
Budgets

A. Programme budget

Authority and responsibility

Regulation 2.1. The proposed programme budget for each financial period shall be prepared by the Secretary-General.

Rule 102.1

(a) The Secretary-General shall decide on the programme content and resource allocation of the proposed programme budget to be submitted to the General Assembly.

(b) Heads of department shall prepare programme budget proposals for the forthcoming financial period at such times and in such detail as the Under-Secretary-General for Management may prescribe and in accordance with the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8).

Presentation, content and methodology

Regulation 2.2. The proposed programme budget shall cover income and expenditures for the financial period to which it relates and shall be presented in United States dollars.

Regulation 2.3. The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, outputs, objectives and accomplishments expected during the biennium. The proposed programme budget shall be preceded by a statement explaining the main changes made in the content of the programme and the volume of resources allocated to it in relation to the previous biennium. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the General

Assembly and such further annexes or statements as the Secretary-General may deem necessary and useful.

Rule 102.2

In addition to the detailed requirements of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, the proposed programme budget shall contain:

(a) A detailed statement of resources by section, programme and subprogramme; for purposes of comparison, the expenditures for the previous financial period and the revised appropriations for the current financial period shall be indicated alongside the resource estimates for the forthcoming financial period;

(b) A statement of estimated income, including staff assessment income and income classified as miscellaneous in accordance with regulation 3.13; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.

Review and approval

Regulation 2.4. The Secretary-General shall, in the second year of a financial period, submit his or her proposed programme budget for the following financial period to the General Assembly at its regular session. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that session.

Regulation 2.5. The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a financial period, submit his or her proposed programme budget for the following financial period to the Advisory Committee for examination.

Regulation 2.6. The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Coordination.

Regulation 2.7. The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period after consideration of the proposed programme budget and the report of the Advisory Committee thereon by the Administrative and Budgetary Committee of the Assembly.

Publication of the approved programme budget

Rule 102.3

The Under-Secretary-General for Management shall arrange for the publication of the programme budget as approved by the General Assembly.

Revised and supplementary programme budget requirements

Regulation 2.8. Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.

Rule 102.4

Revised and supplementary programme budget proposals may be submitted in the following instances:

(a) When, in the interest of peace and security, urgent approval is required;

(b) When they include activities which the Secretary-General considers to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared;

(c) In respect of decisions taken by the General Assembly;

(d) In respect of decisions taken by the Security Council, the Economic and Social Council or the Trusteeship Council;

(e) When they cover activities mentioned in earlier programme budget proposals as items for which later submissions would be made;

(f) When they involve changes in expenditure requirements associated with inflation and currency fluctuations.

Revised and supplementary programme budget proposals, presentation and submission

Regulation 2.9. The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.

Rule 102.5

(a) Heads of department shall prepare revised and supplementary programme budget proposals in such detail and at such times as the Under-Secretary-General for Management may prescribe.

(b) The Secretary-General shall decide on the programme content and resource allocation of all revised and supplementary programme budget proposals to be submitted to the General Assembly.

Resolutions with programme budget implications

Regulation 2.10. No council, commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report of the Secretary-General on the programme budget implications of the proposal.

Regulation 2.11. Where, in the opinion of the Secretary-General, a proposed expenditure cannot be made from existing appropriation, it shall not be incurred until the General Assembly has made the necessary appropriation unless the Secretary-General certifies that the expenditure can be made under the provisions of the Assembly resolution relating to unforeseen and extraordinary expenses.

Rule 102.6

All heads of department are responsible for preparing, obtaining clearance thereon from the Under-Secretary-General for Management, and presenting to relevant legislative bodies the statements on programme budget implications required by regulation 2.10.

Unforeseen and extraordinary expenses

Rule 102.7

(a) Authorizations to incur commitments in accordance with General Assembly resolutions relating to unforeseen and extraordinary expenses shall be issued by the Under-Secretary-General for Management.

(b) The Under-Secretary-General for Management shall report to the General Assembly on the status of all commitments relating to unforeseen and extraordinary expenses in the performance reports on the programme budget.

B. Peacekeeping operation budgets

Authority, responsibility, submission and approval

Regulation 2.12. Budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs shall be prepared by the Secretary-General for consideration and approval by the General Assembly.

Regulation 2.13. The Secretary-General shall submit twice a year to the General Assembly for informational purposes a table summarizing the budgetary requirements of each peacekeeping operation for the financial period from 1 July to 30 June, including a breakdown of expenditure by major line item and the aggregate total resource requirement.

Rule 102.8

(a) The Secretary-General shall decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the General Assembly.

(b) Budget estimates for peacekeeping operations shall be prepared at such times and in such detail and form as the Under-Secretary-General for Management may prescribe and in accordance with the requirements of the General Assembly.

C. International Court of Justice

Budget preparation and submission

Regulation 2.14. The programme budget proposals of the International Court of Justice shall be prepared by the Court in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he or she may deem desirable.

Article III
Contributions and other income

A. Programme budget

Assessed contributions

Regulation 3.1. Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

Regulation 3.2. For each of the two years of a financial period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that financial period, except that adjustments shall be made to the assessments in respect of:

(a) Supplementary appropriations for which contributions have not previously been assessed on Member States;

(b) Half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account and any adjustments in estimated miscellaneous income previously taken into account;

(c) Contributions resulting from the assessment of new Member States under the provisions of regulation 3.7;

(d) Any balance of the appropriations surrendered under regulations 5.3 and 5.4;

(e) Half of the Member States' credits in the Tax Equalization Fund for the financial period estimated to be not required to meet charges for tax refunds during the calendar year and any adjustments in the estimated credits previously taken into account.

Requests for payment of assessed contributions

Regulation 3.3. After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall:

(a) Transmit the relevant documents to Member States;

(b) Inform them of their commitments in respect of annual contributions and advances to the Working Capital Fund;

(c) Request them to remit their contributions and advances.

Rule 103.1

The Under-Secretary-General for Management shall comply with regulation 3.3 within thirty days of the General Assembly's decision to approve or revise the programme budget and the level of the Working Capital Fund. Requests for the payment of assessed contributions and advances to the Working Capital Fund shall also inform Member States of the extent to which and the conditions under which their contributions and advances may be paid in currencies other than the United States dollar.

Payment of assessed contributions

Regulation 3.4. Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 3.3 or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

Regulation 3.5. Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due in the order in which the Member was assessed.

Regulation 3.6. The Secretary-General shall submit to the General Assembly at each regular session a report on the collection of contributions and advances to the Working Capital Fund.

Assessed contributions from new Member States

Regulation 3.7. New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.

Assessed contributions from non-member States

Regulation 3.8. States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income.

Rule 103.2

At the beginning of each calendar year, the Under-Secretary-General for Management shall determine the assessment base on which non-member States are called upon to make contributions, calculate the required contribution of each non-member State applying criteria approved by the General Assembly and inform each non-member State accordingly.

Currency of assessed contributions

Regulation 3.9. Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars.

Rule 103.3

(a) To the extent authorized by the General Assembly, and notwithstanding regulation 3.9, assessed contributions and advances to the Working Capital Fund may be paid in currencies other than the United States dollar if the Under-Secretary-General for Management is satisfied that:

(i) The currencies are required to meet expenses to be settled in those selfsame currencies;

(ii) The currencies represent freely transferable and readily usable funds throughout the country within which they are to be used, or the donor country, if different, without the need for further negotiations with regard to exchange or other regulations or controls.

(b) The equivalent, in United States dollars, of contributions paid in other currencies is calculated at the most favourable rate of exchange available to the United Nations on the date of payment (normally the market buying rate).

B. Peacekeeping operation budgets

Assessed contributions

Regulation 3.10. Except as otherwise specified by the General Assembly, the appropriations for peacekeeping operations shall be financed by contributions

from Member States according to the scale of assessments approved by the Assembly, as modified by any related system of adjustments approved by the Assembly. The payment of assessed contributions for peacekeeping operations shall also be governed by regulation 3.4.

C. Voluntary contributions, gifts and donations

Acceptance and purpose

Regulation 3.11. Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization and provided that the acceptance of such contributions that directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.

Regulation 3.12. Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 4.13 and 4.14.

Authority and liability

Rule 103.4

(a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires the approval of the Under-Secretary-General for Management.

(b) Voluntary contributions, gifts or donations which directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly.

(c) Gifts or donations are to be defined and administered as voluntary contributions.

D. Miscellaneous income

Programme budget

Regulation 3.13. All other income except:

(a) Contributions to the programme budget;

(b) Direct refunds of expenditures made during the financial period;

(c) Advances or deposits to funds; and

(d) Revenue derived from the Staff Assessment Plan

shall be classed as miscellaneous income, for credit to the General Fund.

New Member States and non-member States

Rule 103.5

Contributions from non-member States and, for the year of admission to the United Nations, from new Member States, shall be credited as miscellaneous income.

Voluntary contributions, gifts and donations

Regulation 3.14. Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as gifts in the accounts of the financial period.

Reimbursements of expenditures

Rule 103.6

(a) Within the same financial period, reimbursements of actual expenditures incurred may be credited to the accounts against which they were originally charged; reimbursements of actual expenditures incurred in prior financial periods shall be credited as miscellaneous income.

(b) Adjustments that arise subsequent to the closing of an extrabudgetary account (i.e., a trust fund, special account, project, etc.) shall be debited or credited against miscellaneous income in that selfsame account.

Proceeds from revenue-producing activities and from the rental of United Nations office space

Rule 103.7

Proceeds from revenue-producing activities and from the rental of United Nations office space shall be credited as miscellaneous income.

E. Receipt of funds

Receipt and deposit

Rule 103.8

(a) An official receipt shall be issued within two business days of receipt for all cash and negotiable instruments received.

(b) Only officials designated by the Under-Secretary-General for Management shall be authorized to issue official receipts. If other officials receive money intended for the Organization, they must immediately convey this money to an official authorized to issue an official receipt.

(c) All moneys received shall be deposited in an official bank account within two business days of receipt.

Article IV
Custody of funds

A. Internal accounts

General Fund

Regulation 4.1. There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 3.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.

Working Capital Fund

Regulation 4.2. There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and those advances, made in accordance with the scale of assessments as determined by the Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States that have made such advances.

Advances from the Working Capital Fund

Regulation 4.3. Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as and to the extent that income is available for that purpose.

Regulation 4.4. Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.

Rule 104.1

Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly and only with the approval of the Under-Secretary-General for Management.

Peacekeeping Reserve Fund

Regulation 4.5. There shall be established a peacekeeping reserve fund as a cash flow mechanism to ensure the rapid response of the Organization during the start-up phase of new peacekeeping operations and the expansion of existing peacekeeping operations and to meet unforeseen and extraordinary expenditure requirements related to peacekeeping. The level of the fund and the means by which it shall be financed by Member States shall be determined by the General Assembly.

Advances from the Peacekeeping Reserve Fund

Regulation 4.6. If a decision of the Security Council relating to the start-up or expansion phase of peacekeeping operations results in the need for expenditure, the Secretary-General is authorized, with the prior concurrence of the Advisory Committee and subject to regulation 4.8, to enter into commitments not to exceed 50 million United States dollars per decision of the Security Council. The cumulative total of outstanding commitment authority in respect of the start-up or expansion phase of peacekeeping operations is not to exceed the total level of the Peacekeeping Reserve Fund at any one time; however, the appropriation by the General Assembly of any outstanding commitments shall automatically restore this commitment authority to the extent of the amount appropriated.

Regulation 4.7. Advances made from the Peacekeeping Reserve Fund shall be reimbursed as soon as receipts from contributions are available for those purposes.

Regulation 4.8. If a decision of the Security Council results in the need for the Secretary-General to enter into commitments for the start-up or expansion phase of peacekeeping operations in an amount exceeding 50 million dollars per decision of the Security Council or exceeding the total level of the Peacekeeping Reserve Fund, the matter shall be brought to the General Assembly as soon as possible for a decision on commitment authority and assessment.

Regulation 4.9. The Secretary-General and the Advisory Committee shall report to the General Assembly on any exercise of the commitment authority given under regulation 4.6, together with the circumstances relating thereto, in the context of the next report submitted to the Assembly on the financing of the relevant peacekeeping operation.

Rule 104.2

Advances from the Peacekeeping Reserve Fund may be made only for the purposes and within the terms and conditions prescribed, as appropriate, by the Security Council, the General Assembly and the Advisory Committee and only with the approval of the Under-Secretary-General for Management.

Tax Equalization Fund

Regulation 4.10. There shall be established a tax equalization fund to which the staff assessment deductions from those staff salaries financed from assessed contributions shall be credited. Within the Tax Equalization Fund, revenue shall be recorded as credits to Member States and divided among them in accordance with the proportions approved by the General Assembly for the relevant rates of assessments. All credits shall pertain to a specific year and shall be calculated in accordance with the rates of assessments approved for that same year; prior-period adjustments shall also observe this principle.

Use of the Tax Equalization Fund

Regulation 4.11. Tax Equalization Fund revenue shall be used to refund staff members for income taxes levied by Member States in respect of their United Nations remuneration. Obligations shall be established against the Tax Equalization Fund to cover the estimated liabilities in respect of the refunds made to staff members of those income taxes. If a Member State's credit in the Tax Equalization Fund is insufficient for this purpose, the shortfall shall be added to and recovered from assessed contributions due from that Member State in the subsequent financial period. Where income tax is levied on staff financed from sources of funds that do not contribute to the Tax Equalization Fund, the additional costs for tax reimbursement shall be borne by those sources of funds.

Regulation 4.12. In accordance with regulation 3.2, any balance on a Member State's tax equalization account after the obligations referred to in regulation 4.11 have been satisfied shall be credited against the assessed contributions due from that Member State the following year.

Trust funds and reserve and special accounts

Regulation 4.13. Trust funds and reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.

Regulation 4.14. The purpose and limits of each trust fund and reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.

Rule 104.3

Trust funds and reserve and special accounts may be established by the General Assembly or the Secretary-General in respect of specific activities entrusted to the Organization. The establishment, purpose and limits of trust funds and reserve and special accounts established under the authority of the Secretary-General require the approval of the Under-Secretary-General for Management.

B. Banking

Bank accounts, authority and policy

Regulation 4.15. The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.

Rule 104.4

The Under-Secretary-General for Management shall designate the banks in which the funds of the United Nations shall be kept, shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is delegated for the operation of those

accounts. The Under-Secretary-General for Management shall also authorize all bank account closures. United Nations bank accounts are to be opened and operated in accordance with the following guidelines:

(a) Bank accounts shall be designated "official accounts of the United Nations" and the relevant authority shall be notified that those accounts are exempt from all taxation;

(b) Banks shall be required to provide prompt monthly statements;

(c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment;

(d) All banks shall be required to recognize that the Under-Secretary-General for Management is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the United Nations.

Bank signatories

Rule 104.5

Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with rule 105.6. Designated bank signatories must:

(a) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment;

(b) Verify that all cheques and other payment instructions are pre-encumbered, dated and drawn to the order of the named payee approved by an approving officer (designated in accordance with rule 105.6), as indicated in the accompanying disbursement voucher, payment instructions and original invoice;

(c) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with rule 106.11.

Exchange of currencies

Rule 104.6

Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business.

Remittances to offices away from Headquarters

Rule 104.7

Offices away from Headquarters shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the Under-

Secretary-General for Management, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next two and a half months.

Cash advances

Rule 104.8

(a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Under-Secretary-General for Management.

(b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the Under-Secretary-General for Management.

(c) The Under-Secretary-General for Management may approve other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions and as may otherwise be authorized in writing by him or her.

Rule 104.9

Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Under-Secretary-General for Management.

Disbursements/payments

Rule 104.10

(a) All disbursements shall be made by cheque, by wire transfer or by electronic funds transfer except to the extent that cash disbursements are authorized by the Under-Secretary-General for Management.

(b) Disbursements shall be recorded in the accounts as at the date on which they are made, that is, when the cheque is issued, transfer is effected or cash is paid out.

(c) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all disbursements.

Reconciliation of bank accounts

Rule 104.11

Every month, unless an exception is authorized by the Under-Secretary-General for Management, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official

playing no actual part in the receipt or disbursement of funds; if the staffing of an outposted office makes this impracticable, alternative arrangements may be established in consultation with the Under-Secretary-General for Management.

C. Investments

Authority, responsibility and policy

Regulation 4.16. The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of any such investments.

Regulation 4.17. The Secretary-General may, after consultation with the Investments Committee, make long-term investments of moneys standing to the credit of trust funds and reserve and special accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.

Rule 104.12

(a) The authority to make and prudently manage investments under regulations 4.16 and 4.17 is delegated to the Under-Secretary-General for Management.

(b) The Under-Secretary-General for Management shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.

Rule 104.13

Investments shall be recorded in an investment ledger, which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.

Rule 104.14

(a) All investments shall be made through and maintained by recognized financial institutions designated by the Under-Secretary-General for Management.

(b) All investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that purpose by the Under-Secretary-General for Management.

Income

Regulation 4.18. Income derived from investments shall be credited as provided in the rules relating to each fund or account.

Regulation 4.19. Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.

Rule 104.15

(a) Income from General Fund investments shall be taken into account as miscellaneous income.

(b) Income from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned.

Losses

Rule 104.16

(a) Any investment losses must be reported at once to the Under-Secretary-General for Management. The Under-Secretary-General for Management may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the Board of Auditors within three months following the end of the financial period.

(b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.

Article V
Utilization of funds

A. Appropriations

Authorization

Regulation 5.1. The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.

Available period

Regulation 5.2. Appropriations shall be available for obligation during the financial period to which they relate.

Regulation 5.3. Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.

Regulation 5.4. At the end of the twelve-month period provided in regulation 5.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question

shall at that time be cancelled or, where the obligation remains a valid charge, transferred as an obligation against current appropriations.

Regulation 5.5. Appropriations required in respect of obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the twelve-month period provided for in regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 5.3. At the end of the additional four-year period any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained will be surrendered.

Transfers between appropriations

Regulation 5.6. No transfer between appropriation sections may be made without authorization by the General Assembly.

Rule 105.1

The Under-Secretary-General for Management shall obtain the approval of the Advisory Committee in order to transfer credits between programme budget appropriations in those instances where the General Assembly has delegated its authority under regulation 5.6 to the Committee.

Commitments against appropriations for future financial periods

Regulation 5.7. The Secretary-General may enter into commitments for future financial periods, provided that such commitments:

(a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or

(b) Are authorized by specific decisions of the Assembly.

Rule 105.2

In accordance with regulation 5.7, the authority to approve commitments against future financial periods is delegated to the Under-Secretary-General for Management. The Under-Secretary-General for Management shall maintain a record in the accounts of all such commitments (rule 106.7), which shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.

Administration of appropriations

Regulation 5.8. The Secretary-General shall:

(a) Establish detailed financial rules and procedures in order to ensure effective and efficient financial management and the exercise of economy;

(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;

(c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;

(d) Maintain internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:

(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;

(ii) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly or with the purposes and rules relating to trust funds and special accounts;

(iii) The effective, efficient and economic use of the resources of the Organization.

B. Commitments, obligations and expenditures

Authority and responsibility

Regulation 5.9. Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.

Rule 105.3

The utilization of all funds requires the prior authorization of the Under-Secretary-General for Management. Such authorization may take the form of:

(a) An allotment of funds or other authorization to commit, obligate and expend specified funds for specified purposes during a specified period;

(b) An authorization to employ staff against an approved staffing table.

Checks and balances

Rule 105.4

Notwithstanding bank signatory functions assigned in accordance with rule 104.5, all commitments, obligations and expenditures require at least two

authorizing signatures, in either conventional or electronic form. All commitments, obligations and expenditures must first be signed ("certified") by a duly designated certifying officer (rule 105.5). Following certification, duly designated approving officers (rule 105.6) must then sign to "approve" the establishment of obligations and the recording of expenditures in the accounts and the processing of payments. Expenditures recorded against an established, certified obligation do not require additional certification, provided that they do not exceed the amount obligated by more than 10 per cent or $2,500 (or its equivalent in other currencies), whichever is lower (rule 105.7). Expenditures under $2,500 (or its equivalent in other currencies) for which the recording of an obligation is unnecessary require both certification and approval.

Certifying officers

Rule 105.5

(a) One or more officials shall be designated by the Under-Secretary-General for Management as the certifying officer(s) for the account(s) pertaining to a section or subsection of an approved budget. Certifying authority and responsibility is assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with rule 105.6.

(b) Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.

Approving officers

Rule 105.6

(a) Approving officers are designated by the Under-Secretary-General for Management to approve the entry into the accounts of obligations and expenditures relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary services, supplies or equipment have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds $2,500 (or its equivalent in other currencies), in accordance with the purpose for which the relevant financial obligation was established. Approving officers must maintain detailed records and must be prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.

(b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying

functions assigned in accordance with rule 105.5 or the bank signatory functions assigned in accordance with rule 104.5.

Establishment and revision of obligations

Rule 105.7

(a) Apart from the employment of staff against an authorized staffing table and consequential commitments under the Staff Regulations and Rules and allocations made to executing agencies, no undertaking, including by contract, agreement or purchase order, for an amount exceeding $2,500 (or its equivalent in other currencies) shall be entered into until the appropriate credit(s) has (have) been reserved in the accounts. This shall be done through the recording of obligations against which relevant payments or disbursements, made only on fulfilment of contractual and other obligations, shall be recorded as expenditure. An obligation shall be recorded in the accounts as unliquidated during the period set forth in regulation 5.3 and until such point as it is reobligated, liquidated or cancelled in accordance with regulations 5.4 and 5.5, as appropriate.

(b) If, in the time that elapses between the establishment of an obligation and the processing of final payment, the cost of the relevant goods or services has, for whatever reason, increased by less than $2,500 (or its equivalent in other currencies) or 10 per cent of the obligation, whichever is lower, no change need be made to the amount of the original obligation. If, however, the increase in costs exceeds $2,500 (or its equivalent in other currencies), the original obligation must be revised to reflect this increase in requirements and further certification is required. All increases in obligations, including those resulting from currency fluctuations, shall be subject to the same procedures as apply to the incurring of original obligations.

Review, reobligation and cancellation of obligations

Rule 105.8

(a) Outstanding obligations must be reviewed periodically by the responsible certifying officer(s). If an obligation is determined to be valid but cannot be liquidated during the period set forth in regulation 5.3, the provisions of regulations 5.4 and 5.5 shall, as appropriate, be applied. Obligations that are no longer valid shall be cancelled from the accounts forthwith and the resulting credit surrendered.

(b) When any obligation previously recorded in the accounts is, for any reason, reduced (other than by payment) or cancelled, the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts.

Obligating documents

Rule 105.9

An obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All obligations must be supported by an appropriate obligating document.

Peacekeeping reimbursements

Regulation 5.10. Member States that contribute troops to peacekeeping operations shall be reimbursed at rates approved by the General Assembly. Member States shall also be reimbursed for contingent-owned equipment at rates approved by the Assembly.

Rule 105.10

The payment of reimbursements to Member States, based upon rates and peacekeeping operation budgets approved by the General Assembly, may be made only with the approval of the Under-Secretary-General for Management.

Management services agreements

Rule 105.11

(a) Management and other support services may be provided to Governments, specialized agencies and other international and intergovernmental organizations or in support of activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis consistent with the policies, aims and activities of the United Nations, with the approval of the Under-Secretary-General for Management.

(b) Each management and support services arrangement shall be covered by a written agreement between the United Nations and the entity on whose behalf the services are to be provided. Such agreements shall, inter alia, specify the services which the United Nations is to provide in return for full reimbursement to the United Nations of any costs incurred by it in providing those services.

Ex gratia payments

Regulation 5.11. The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Board of Auditors with the accounts.

Rule 105.12

Ex gratia payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the United Nations, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the Board of Auditors not later than three months following the end of the financial period. The approval of the Under-Secretary-General for Management is required for all ex gratia payments.

C. Procurement

General principles

Regulation 5.12. Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations:

(a) Best value for money;

(b) Fairness, integrity and transparency;

(c) Effective international competition;

(d) The interest of the United Nations.

Regulation 5.13. Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from this regulation is desirable.

Authority and responsibility

Rule 105.13

(a) The Under-Secretary-General for Management is responsible for the procurement functions of the United Nations, shall establish all United Nations procurement systems and shall designate the officials responsible for performing procurement functions.

(b) The Under-Secretary-General for Management shall establish review committees, at Headquarters and other locations, to render written advice to the Under-Secretary-General for Management on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders and contracts that involve income to the United Nations. The Under-Secretary-General for Management shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.

(c) Where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.

Competition

Rule 105.14

Consistent with the principles set out in regulation 5.12 and except as otherwise provided in rule 105.16, procurement contracts shall be awarded on the

basis of effective competition, and to this end the competitive process shall, as necessary, include:

(a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;

(b) Market research for identifying potential suppliers;

(c) Consideration of prudent commercial practices;

(d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation such as requests for quotations. The Under-Secretary-General for Management shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used;

(e) Public bid openings.

Formal methods of solicitation

Rule 105.15

(a) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the United Nations.

(b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.

(c) The Under-Secretary-General for Management may, in the interest of the United Nations, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Under-Secretary-General for Management shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to rule 105.16 or to terminate or suspend the procurement action.

Exceptions to the use of formal methods of solicitation

Rule 105.16

(a) The Under-Secretary-General for Management may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations:

(i) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;

(ii) When there has been a previous determination or there is a need to standardize the requirement;

(iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to rule 105.17;

(iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive;

(v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results;

(vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition;

(vii) When there is an exigency for the requirement;

(viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively;

(ix) When the Under-Secretary-General for Management otherwise determines that a formal solicitation will not give satisfactory results;

(x) When the value of the procurement is below the monetary threshold established for formal methods of solicitation.

(b) When a determination is made pursuant to subparagraph (a) above, the Under-Secretary-General for Management shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.

Cooperation

Rule 105.17

(a) The Under-Secretary-General for Management may cooperate with other organizations of the United Nations system to meet the procurement requirements of the United Nations, provided that the regulations and rules of those organizations are consistent with those of the United Nations. The Under-Secretary-General for Management may, as appropriate, enter into agreements for such purposes. Such cooperation may include carrying out common procurement actions together or the United Nations entering into a contract relying on a procurement decision of another United Nations organization or requesting another United Nations organization to carry out procurement activities on behalf of the United Nations.

(b) The Under-Secretary-General for Management may, to the extent authorized by the General Assembly, cooperate with a Government, non-governmental organization or other public international organization in respect of procurement activities and, as appropriate, enter into agreements for such purposes.

Written contracts

Rule 105.18

(a) Written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds established

by the Under-Secretary-General for Management. Such arrangements shall, as appropriate, specify in detail:

(i) The nature of the products or services being procured;

(ii) The quantity being procured;

(iii) The contract or unit price;

(iv) The period covered;

(v) Conditions to be fulfilled, including the United Nations general conditions of contract and implications for non-delivery;

(vi) Terms of delivery and payment;

(vii) Name and address of supplier.

(b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before any electronic means of data interchange is used, the Under-Secretary-General for Management shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.

Advance and progress payments

Rule 105.19

(a) Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded.

(b) In addition to subparagraph (a) above and notwithstanding rule 105.2, the Under-Secretary-General for Management may, where necessary, authorize progress payments.

D. Property management

Authority and responsibility

Rule 105.20

(a) The Under-Secretary-General for Management is responsible for the management of the property of the United Nations, including all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions.

(b) A summary statement of non-expendable United Nations property shall be provided to the Board of Auditors not later than three months following the end of the financial period.

Property Survey Boards

Rule 105.21

(a) The Under-Secretary-General for Management shall establish Property Survey Boards for Headquarters and other locations to render written advice to him or her in respect of loss, damage or other discrepancy regarding the property of the United Nations. The Under-Secretary-General for Management shall establish the composition and terms of reference of such boards, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action to be taken in accordance with rules 105.22 and 105.23 and the degree of responsibility, if any, attaching to any official of the United Nations or other party for such loss, damage or other discrepancy.

(b) Where the advice of a Property Survey Board is required, no final action in respect of United Nations property loss, damage or other discrepancy may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a Board, he or she shall record in writing the reasons for that decision.

Sale/disposal of property

Rule 105.22

Sales of supplies, equipment or other property declared surplus or unserviceable shall be based on competitive bidding, unless the relevant Property Survey Board:

(a) Estimates that the sales value is less than an amount to be specified by the Under-Secretary-General for Management;

(b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization;

(c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected;

(d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property;

(e) Determines that the interests of the United Nations will be served through the disposal of the property by gift or by sale at a nominal price to an intergovernmental organization, a Government or governmental agency or some other non-profit organization.

Rule 105.23

Except as provided for in rule 105.22, property shall be sold on the basis of payments made on or before delivery.

Disposition of assets of peacekeeping operations

Regulation 5.14. Following the liquidation of a peacekeeping operation, equipment and other property shall be disposed of in accordance with the Financial Regulations and Rules and in the manner indicated below:

(a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions;

(b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for the equipment;

(c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations;

(d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable to other United Nations equipment or property;

(e) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.

A report on the final disposition of assets for each liquidated peacekeeping operation shall be submitted to the General Assembly.

E. Internal audit

Regulation 5.15. The Office of Internal Oversight Services shall conduct independent internal audits in accordance with regulation 5.8 (d) and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:

(a) Compliance of financial transactions with General Assembly resolutions, approved programmes and other legislative mandates, with regulations and rules and

related administrative instructions and with the approved recommendations of external oversight bodies;

(b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilization and of programme delivery, including by examining the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.

Article VI
Accounting

Principal accounts

Regulation 6.1. The Secretary-General shall submit accounts for the financial period. In addition, the Secretary-General shall maintain and safeguard against damage, destruction, unauthorized access and removal such accounting records as are necessary for management purposes, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show:

(a) The income and expenditures of all funds;

(b) The status of appropriations, including:

(i) The original budget appropriations;

(ii) The appropriations as modified by any transfers;

(iii) Credits, if any, other than the appropriations voted by the General Assembly;

(iv) The amounts charged against those appropriations and/or other credits;

(c) The assets and liabilities of the Organization.

The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of the Organization.

Regulation 6.2. Appropriate separate accounts shall be maintained for all trust funds and reserve and special accounts.

Rule 106.1

In accordance with regulations 6.1 and 6.2, the principal accounts of the United Nations shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of:

(a) Programme budget accounts showing:

(i) Original appropriations;

(ii) Appropriations as modified by transfers;

(iii) Credits (other than appropriations made available by the General Assembly);

(iv) Expenditures, including payments and other disbursements and unliquidated obligations;

(v) Unencumbered balances of allotments and appropriations;

(b) Peacekeeping operations with special accounts;

(c) General ledger accounts showing all cash at banks, investments, receivables and other assets, payables and other liabilities;

(d) The Working Capital Fund and its subfunds and all trust funds and other special accounts.

Authority and responsibility

Rule 106.2

Responsibility for the accounts is assigned to the Under-Secretary-General for Management, who shall establish all United Nations accounting systems and designate the officials responsible for performing accounting functions.

Accrual basis accounting

Rule 106.3

Unless otherwise directed by the Under-Secretary-General for Management or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the United Nations system accounting standards.

Currency of accounting records

Regulation 6.3. The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.

Rule 106.4

At Headquarters, accounts shall be maintained in United States dollars. At offices away from Headquarters, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the United States dollar equivalent.

Accounting for exchange rate fluctuations

Rule 106.5

(a) The Under-Secretary-General for Management shall establish the operational rates of exchange between the United States dollar and other currencies. The operational rates of exchange shall be used for recording all United Nations transactions.

(b) Payments in currencies other than the United States dollar will be determined on the basis of the operational rate of exchange prevailing at the time of payment. Any difference between the actual amount received on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange.

(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited to miscellaneous income.

Accounting for proceeds from the sale of property

Rule 106.6

The proceeds from the sale of property shall be credited as miscellaneous income except:

(a) Where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income);

(b) When the trade-in of property is not considered to be a sale and the allowance shall be applied against the cost of the replacement property;

(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;

(d) When the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project, provided that they have not been closed;

(e) When equipment is transferred from one project for use in another and the accounts of the releasing project are open, the fair market value of such equipment shall be credited to the accounts of the releasing project and charged to the accounts of the project receiving the equipment;

(f) Where the alternative modalities governing the disposition of assets of peacekeeping operations outlined in regulation 5.14 apply.

Accounting for commitments against future financial periods

Rule 106.7

Obligations established prior to the financial period to which they pertain, pursuant to regulation 5.7 and rule 105.2, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.

Writing-off losses of cash, receivables and property

Regulation 6.4. The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a

statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts.

Rule 106.8

(a) The Under-Secretary-General for Management may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts and notes receivable deemed to be irrecoverable. A summary statement of losses of cash and receivables shall be provided to the Board of Auditors not later than three months following the end of the financial period.

(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Under-Secretary-General for Management.

Rule 106.9

(a) The Under-Secretary-General for Management may, after full investigation, authorize the writing-off of losses of United Nations property and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall likewise be provided to the Board of Auditors not later than three months following the end of the financial period.

(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. The final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Under-Secretary-General for Management.

Financial statements

Regulation 6.5. The accounts for the financial period, except those for peacekeeping operations with special accounts, shall be submitted by the Secretary-General to the Board of Auditors no later than 31 March following the end of the financial period. The annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year.

Rule 106.10

(a) For all accounts of the United Nations, except for peacekeeping operations with special accounts, interim financial statements covering the first year of the biennial financial period, as at 31 December, shall be submitted to the Board of Auditors not later than 31 March of the following year. For the same accounts, final financial statements covering both years of the financial period, likewise as at 31 December, shall be submitted to the Board of Auditors not later than 31 March following the end of the financial period. Copies of financial statements shall also

be transmitted to the Advisory Committee. Additional financial statements may be prepared as and when the Under-Secretary-General for Management deems it necessary.

(b) In the case of peacekeeping operations with special accounts, financial statements for the annual financial period ending 30 June shall be submitted to the Board of Auditors not later than 30 September of the same year.

(c) Financial statements submitted to the Board of Auditors for all accounts shall include:

(i) A statement of income, expenditures and changes in reserves and fund balances;

(ii) A statement of assets, liabilities, reserves and fund balances;

(iii) A statement of cash flows;

(iv) Such other schedules as may be required;

(v) Notes to the financial statements.

Archives

Rule 106.11

Accounting records, other financial and property records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which, on the authority of the Under-Secretary-General for Management, they may be destroyed.

Article VII
Board of Auditors

Appointment of a board of auditors

Regulation 7.1. The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.

Tenure of office of the members of the Board of Auditors

Regulation 7.2. The members of the Board of Auditors shall be elected for a non-renewable term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the General Assembly shall elect every two years a member to take office from 1 July of the following year.

Regulation 7.3. If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's

tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.

Audit standards, scope and operations

Regulation 7.4. The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

Regulation 7.5. The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Regulation 7.6. The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

Regulation 7.7. The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.

Regulation 7.8. The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.

Facilities

Regulation 7.9. The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

Regulation 7.10. For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm which, in the opinion of the Board, is technically qualified.

Reporting

Regulation 7.11. The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 7.5 and in the additional terms of reference.

Regulation 7.12. The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

Annex

Additional terms of reference governing the audit of the United Nations

1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

(a) That the financial statements are in accord with the books and records of the Organization;

(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.

3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his or her designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.

4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General, for appropriate action, any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements:

(a) The identification of the financial statements audited;

(b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors;

(c) A reference to the audit standards followed;

(d) A description of the work performed;

(e) An expression of opinion on the financial statements as to whether:

(i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;

(ii) The financial statements were prepared in accordance with the stated accounting policies; and

(iii) The accounting policies were applied on a basis consistent with that of the preceding financial period;

(f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

(g) The date of the opinion;

(h) The names and positions of the members of the Board of Auditors;

(i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements.

6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:

(a) The type and scope of its examination;

(b) Matters affecting the completeness or accuracy of the accounts, including, where appropriate:

(i) Information necessary to the correct interpretation of the accounts;

(ii) Any amounts which ought to have been received but which have not been brought to account;

(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

(iv) Expenditures not properly substantiated;

(v) Whether proper books of accounts have been kept, where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

(c) Other matters which should be brought to the notice of the General Assembly, such as:

(i) Cases of fraud or presumptive fraud;

(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);

(iii) Expenditure likely to commit the Organization to further outlay on a large scale;

(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;

(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;

(vii) Expenditure not in conformity with the authority which governs it;

(d) The accuracy or otherwise of the supply and equipment records as determined by stock-taking and examination of the records;

(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge.

7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.

8. Whenever the scope of audit of the Board of Auditors is restricted or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.

9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.

10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.

03-35735 (E) 230503

United Nations ST/SGB/2003/8

Secretariat

1 May 2003

Secretary-General's bulletin

Amendments to staff rules 110.4 (a), 111.2 (i), 210.1 (b) and 310.1 (d)

The Secretary-General, pursuant to staff regulations 12.2, 12.3 and 12.4 and in accordance with paragraphs 28 and 29 of General Assembly resolution 57/307 of 15 April 2003, hereby promulgates the text of the amendments to staff rules 110.4 (a), 111.2 (i), 210.1 (b) and 310.1 (d) set out in the annex to the present bulletin.

The amendments promulgated by the present bulletin shall enter into force on 1 May 2003.

(*Signed*) Kofi A. **Annan**
Secretary-General

03-35565 (E) 140503

Annex

Rule 110.4
Due process

(a) No disciplinary proceedings may be instituted against a staff member unless he or she has been notified, in writing, of the allegations against him or her and of the right to seek the assistance of counsel in his or her defence at his or her own expense, and has been given a reasonable opportunity to respond to those allegations.

...

Rule 111.2
Appeals

...

(i) A staff member may arrange to have his or her appeal presented to the panel on his or her behalf by counsel, at his or her own expense.

...

Rule 210.1
Disciplinary measures

...

(b) No disciplinary proceedings may be instituted against project personnel unless the individual concerned has been notified, in writing, of the allegations against him or her and of the right to seek the assistance of counsel in his or her defence at his or her own expense, and has been given a reasonable opportunity to respond to those allegations.

...

Rule 310.1
Disciplinary measures

...

(d) No disciplinary proceedings may be instituted against a staff member unless he or she has been notified, in writing, of the allegations against him or her and of the right to seek the assistance of counsel in his or her defence at his or her own expense, and has been given a reasonable opportunity to respond to those allegations.

...